



Tax Administration

DOR Directive 97-3

GOVERNMENT DOCUMENTS
COLLECTION

Massachusetts

Department of
Revenue

AUG 21 1997

University of Massachusetts
Depository Copy

Primary and Secondary Tin Reporting Requirements for Financial Institutions Under the Bank Match System, G.L. C. 62E

I. Introduction

On November 25, 1994, the Commissioner of Revenue ("Commissioner") issued Department of Revenue Directive 94-10 ("DD 94-10"), Information Reporting Requirements for Financial Institutions Under the Bank Match System, G.L. c. 62E. That Directive set forth the rules that banks, credit unions and certain other financial institutions were required to follow in providing bank match information reports to the Commissioner on accounts and other assets maintained at such institutions. The Commissioner authorized two reporting methods for providing the required information: the "All Accounts" method and the "Matched Accounts" method. The purpose of this Directive is to clarify the information that financial institutions must provide in fulfilling their bank match reporting responsibilities under Chapter 62E.

II. Directive

Issue:

What information must financial institutions subject to the bank match reporting requirements of DD 94-10 provide when there are multiple owners of an account, for purposes of complying with G.L. c. 62E?

Directive:

Financial institutions must file information reports containing identifying data and other information as prescribed by the Commissioner for each person who maintains an account at such institution. See G.L. c. 62E, §§ 4(a), (d). For purposes of DD 94-10 and this Directive, "each person who maintains an account" refers to *all* persons listed on the records of the financial institution as owners or having an interest in the account, whether such persons are listed as primary or secondary payees on the account. Financial institutions must submit all required information as prescribed in DD 94-10, and according to specifications for the particular reporting method used set forth by the Commissioner in the Bank Match Specifications Handbook, as amended, for the applicable reporting periods.

Financial institutions using the "All Accounts" reporting method (i.e. those institutions electing to submit an annual file listing each person maintaining an account at the institution to the Commissioner by April 30, followed by quarterly updates) must submit identifying data and other required information for *all* persons maintaining an account at the institution, whether such persons are listed as the sole owners or payees, or one of multiple owners or payees.

Financial institutions using the "Matched Accounts" reporting method (i.e. those institutions electing to match an inquiry file supplied by the Commissioner against their records) must match the information listed on the Commissioner's file by searching their records for all persons maintaining an account at the institution, whether such persons are listed as the sole owners or payees, or one of multiple owners or payees.

III. Discussion

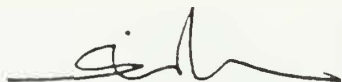
Chapter 62E of the Massachusetts General Laws authorizes the Commissioner to implement and operate a wage reporting and bank match system 1) for use in the administration of the tax laws and the child support enforcement program of Massachusetts; 2) for purposes of verifying financial eligibility of participants in entitlement programs of the commonwealth, its political subdivisions or their respective agencies and local housing authorities; and 3) for purposes of verifying the eligibility of employees of the commonwealth, its political subdivisions or their respective agencies for Workers' Compensation benefits. See G.L. c. 62E, § 3.

In addition, through the data made available under the wage reporting and bank match system, the Commissioner is authorized to make positive identification of cases in which recipients of various programs included in the reporting system are receiving wages or have other assets in excess of any threshold requirement established by the administering agencies, and to furnish such agencies the cases of recipients so identified. See G.L. c. 62E, § 5. The information furnished to such agencies includes the following: 1) the name of the recipient; 2) the Social Security number and other data to assure positive identification; 3) the name and identification number of the employer, or the name and location of the state and federally chartered savings banks, state and federally chartered savings and loan associations, cooperative banks, state and federally chartered credit unions, trust companies, national banking associations, benefit associations, insurance companies or safe deposit companies; and 4) the amount of wages received or amount of financial resources. See G.L. c. 62E, § 5.

In order for the Department of Revenue to fulfill its information gathering and sharing responsibilities mandated by Chapter 62E, it is necessary that financial institutions search their records and provide complete payee information. This information includes the names, taxpayer identification numbers, account balances, and such other identifying data as the Commissioner may prescribe for all persons maintaining an account at these institutions.

Financial institutions should refer to the Bank Match Specifications Handbook, as amended for the applicable reporting periods, to determine where and how to report the information required (including primary and secondary payee names and taxpayer identification numbers), for each method of reporting under G.L. c. 62E.

The Bank Match Program is administered by the Massachusetts Department of Revenue's Automated Collection and Special Projects Unit. To contact the Department for further information regarding this program or its reporting specifications, please refer to the "Where to Get Help" Section of the Bank Match Specifications Handbook.

A handwritten signature in black ink, appearing to read 'M. Adams', with a horizontal line extending to the right.

Mitchell Adams
Commissioner of Revenue
May 23, 1997